



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 14, 2004

### **H.R. 4175** **Veterans' Compensation Cost-of-Living Adjustments Act of 2004**

*As cleared by the Congress on October 8, 2004*

H.R. 4175 would increase the amounts paid to veterans for disability compensation and to their survivors for dependency and indemnity compensation by the same cost-of-living adjustment (COLA) payable to Social Security recipients. The increase would take effect on December 1, 2004, and the results of the adjustment would be rounded to the next lower dollar.

The COLA that would be authorized by this act is assumed in CBO's baseline, pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act, and savings from rounding it down were achieved by the Balanced Budget Act of 1997 (Public Law 105-33) and extended to 2013 by the Veterans Benefits Act of 2003 (Public Law 108-183).

Because the COLA is assumed in the baseline, the COLA provision would have no budgetary effect relative to the baseline. Relative to current law, CBO estimates that the act would increase spending for these programs by about \$466 million in 2005. (The annualized cost would be about \$620 million in subsequent years.) This estimate assumes that the COLA effective on December 1, 2004, would be 1.5 percent. As a result, the act will have no effect on direct spending relative to the baseline and thus does not affect scorekeeping totals for direct spending.

On May 25, 2004, CBO transmitted a cost estimate for H.R. 4175, as ordered reported by the House Committee on Veterans' Affairs on May 19, 2004. That version of the act also would have added osteoporosis to the list of diseases the Department of Veterans Affairs presumes are service-connected for former prisoners of war. H.R. 4175, as cleared by the Congress, does not contain this provision. On July 28, 2004, CBO also transmitted an estimate for S. 2483, an identically titled bill, as ordered reported by the Senate Committee on Veterans' Affairs on July 20, 2004. H.R. 4175, as cleared by the Congress, and S. 2483 are identical, as are the cost estimates.

The CBO staff contact for federal costs is Dwayne M. Wright. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.